

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7950

BILL NUMBER: SB 473

NOTE PREPARED: Jan 11, 2005

BILL AMENDED:

SUBJECT: Insurance Health Care Administrative Forms.

FIRST AUTHOR: Sen. Simpson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Department of Insurance (DOI) to prescribe (1) a credentialing application form for use in accident and sickness insurer and health maintenance organization (HMO) provider credentialing activities; and (2) a standard preauthorization procedure that must be used by an insurer or a health maintenance organization concerning whether a proposed health care service that a provider proposes to provide to an insured or enrollee is covered. The bill encourages health coverage providers to provide specified information and assistance on the provider's web site.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The DOI must prescribe a credentialing application form in electronic or paper format, which must be used by a provider who applies for credentialing by an insurer or HMO and an insurer or HMO that performs credentialing activities. The DOI must also prescribe a standard preauthorization procedure that must be used by an insurer or HMO. The procedure prescribed must be automated to the extent possible. The DOI may adopt rules to implement these provisions.

These provisions will result in an increase in administrative expenses for the DOI. The DOI should be able to absorb any additional costs given its current budget and resources.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Amy Strati, Acting Commissioner, DOI, 232-2404.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.